

AN INFLECTION POINT FOR AMERICA: BUDGET RECONCILIATION MOVES THE BUILD BACK BETTER ACT FORWARD

September 25, 2021

The coronavirus pandemic has infected tens of millions of Americans and taken the lives of nearly 700,000 loved ones, devastating families and communities. The corresponding economic crisis led to a record loss of more than 22 million jobs, skyrocketing unemployment insurance claims, a child care crisis and mass exodus of women from the workforce, and a historic decline in growth. The climate crisis is displacing families, upending local economies, and endangering our national security. And our nation is reckoning with our racial justice crisis, as the effects of systemic racism and underlying inequities are being exposed and brought to the forefront of our nation's conscience.

While the American Rescue Plan and other rescue packages helped address immediate health and economic concerns, they were not a long-term solution to many of the pressing challenges facing our nation. In fact, many of these pressing challenges have only compounded.

Driven by the child care problems created by the pandemic, women have fallen out of the labor force in record numbers. Children are attending schools in buildings with crumbling infrastructure and no internet. Too many families do not have safe and affordable housing to live in. Rising health care costs are putting a strain on budgets for families and businesses. College has become unaffordable for too many students. Our veterans are being treated in hospitals and clinics that are in critical need of updating. Workers lack support when welcoming a new child or caring for a loved one. And we face a catastrophic climate crisis that threatens life as we know it.

Decades of disinvestment in our nation and its people have resulted in serious deficits in our society, spanning nearly every sector. We can no longer afford the costs of neglect and inaction – Congress must act expeditiously to enact the Build Back Better Act and deliver these critical investments.

THE BUILD BACK BETTER ACT

The 2022 budget resolution (S. Con. Res. 14) laid the groundwork for the Build Back Better Act by providing the option of using the budget reconciliation process to make historic investments in our communities and country. Without reconciliation, the bold action outlined by the President could languish indefinitely in the Senate, putting the future well-being and prosperity of Americans at risk. This reconciliation bill is the next step toward implementing the plan.

The Build Back Better Act makes the transformative investments at the scale necessary to meet the needs of the American people, address dangerous deficits in our society, improve our economic outlook, and set America up to compete and win in the decades ahead. With the Build Back Better Act, we will:

Cut taxes for the middle class. The Build Back Better Act will deliver one of the biggest middle class tax cuts in history, keeping more money in the pockets of working families. The plan expands and enhances support for individuals and families with children, including the Child Tax Credit, the Child and Dependent Care Tax Credit, and the Earned Income Tax Credit for childless workers. The expanded Child Tax Credit alone will lead to 90 percent of families and nearly 39 million households receiving a major tax cut. With over a third of adults with children struggling to pay for basic expenses like food, rent, health care and transportation, the expanded Child Tax Credit will make a substantial difference in families' lives.

Create jobs. Because of the COVID-19 crisis, the U.S. economy experienced record job loss and deep scars that we are still recovering from. The Build Back Better Act will invest in workforce development to help workers train and get better jobs. The investments in higher education will also create a more skilled and dynamic workforce and help position the United States as a global leader in innovation and the jobs of the future. The resources for child care and universal pre-k will help parents return to work knowing that their children are in good hands, while also creating more jobs in the care economy. Additionally, funded programs will create a new, diverse workforce focused on addressing climate change and funding community resilience projects across the country.

Lower costs for working families. The plan's investments will lower costs for working families with:

- **Investments to lower drug prices** – Americans pay higher prescription drug prices than people in other wealthy countries, and nearly a quarter of Americans struggle to afford their prescription drugs. The investments in the Build Back Better Act will allow Medicare to negotiate drug prices, lowering costs for seniors and the federal government.
- **Investments to lower health care costs** – Too many families struggle to pay for health care, and millions of people are locked out of Medicaid because of states' refusal to expand the program under the Affordable Care Act (ACA). The resources in the Build Back Better Act will reduce premiums for Marketplace plans under the ACA, close the Medicaid coverage gap, and add dental, hearing and vision coverage to Medicare for the very first time.

- **Investments to lower the cost of education** – Higher education has become a towering expense for most students, but increasingly useful in today’s economy. The funding in the Build Back Better Act will provide two years of free community college to all students. These investments will also expand the value of the Pell Grant and provide funding for minority serving institutions to better support and serve their students.

Tackle the climate crisis and strengthen resilience. The climate crisis is an existential threat that must be handled immediately. Postponing action will only make life harder for millions of families and endanger more lives as extreme weather events intensify. The Build Back Better Act will provide comprehensive investments, including clean energy and transportation tax credits, to help us reduce our carbon footprint. It invests in clean energy, efficiency, electrification, and climate justice through grants, consumer rebates, and federal procurement of clean power and sustainable materials, and by incentivizing private sector development and investment. The Plan will also drive economic opportunities, environmental conservation, and climate resilience – especially in underserved and disadvantaged communities.

Ensure Fiscal Responsibility. The Build Back Better Act ultimately will not add to the debt. This plan is prudently offset by provisions to ensure that high earners and corporations pay their fair share of taxes. Americans making less than \$400,000 a year will not see their taxes increase by a penny. It is estimated that the top one percent evades \$160 billion in taxes each year while a typical working American pays their taxes. In 2020, 55 of the largest corporations paid zero dollars in federal income taxes on more than \$40 billion in profits. The Build Back Better Act will implement key reforms to make our tax system more equitable. It will repeal some of the nearly \$2 trillion in unpaid tax giveaways to the wealthiest corporations and individuals enacted under the Trump Administration.

Additionally, it is estimated that the Build Back Better Act will stimulate future economic growth, further helping to offset the costs of the plan. Leading economists project that the Build Back better Act will also ease longer-term inflationary pressures and, most importantly, help more Americans participate in the economy, resulting in a more equitable economy powered by shared prosperity and inclusive growth.